

**BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF DELAWARE**

IN THE MATTER OF THE APPLICATION OF )  
DELMARVA POWER & LIGHT COMPANY FOR ) PSC Docket No. 20-0149  
AN INCREASE IN ELECTRIC BASE RATES AND )  
OTHER MISCELLANEOUS TARIFF CHANGES )  
(SUBMITTED MARCH 6, 2020; FILED APRIL 17, 2020) )

**ORDER NO. 9XXX**

**AND NOW**, this 22<sup>nd</sup> day of April 2020, the Delaware Public Service Commission (“Commission”) determines and orders as follows:

**WHEREAS**, on March 6, 2020, Delmarva Power & Light Company (“Delmarva” or the “Company”) submitted to the Commission an application (“Application”) seeking approval of: (1) an increase in its electric base rates of \$24.3 million, which for a typical residential customer using an average of 845 kWh per month is approximately a 3.42% increase over existing base rates; and (2) a proposal to include an additional eleven (11) Light Emitting Diode (“LED”) Street Lighting Rates to the service tariff as described in the Application; and

**WHEREAS**, 26 *Del. C.* § 306(a)(1) permits the Commission to suspend the operation of a utility’s proposed rate change for a period not to exceed seven months after the filing of a utility’s rate change request or, for this Application, November 17, 2020; and

**WHEREAS**, the Company has requested that the Commission grant the proposed changes to rates effective November 17, 2020, pursuant to 26 *Del. C.* § 306(b),<sup>1</sup> which provides that, upon termination of the seven months as set forth in § 306(a)(1), the proposed rate change shall automatically become effective, subject to refund, so long as the Company files with the

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<sup>1</sup>Delmarva will forego the implementation of interim rates permitted 60 days from the filing date pursuant to 26 *Del. C.* § 306(a)(2), to avert resetting its Distribution System Improvement Charge (“DSIC”) to zero, which would be required under 26 *Del. C.* § 315(b)(9).

Commission a bond or other arrangements satisfactory to the Commission for the protection of the interested parties, and so long as the increase does not exceed 15% of the Company's gross intrastate operating revenues; and

**WHEREAS**, the Company requests that the Commission accept its long-standing history within the State and its commitment to abide with a Commission refund order as a satisfactory substitute and sufficient surety to meet the bond requirements of 26 *Del. C.* §306(b) with respect to the requested interim rates proposed to become effective November 17, 2020; and

**WHEREAS**, the Company requests a waiver of Part II, Paragraph 2.2.1 (Plant Capacity and Service); Part V, Paragraph 5.2.5 and 5.2.6 (Net Operating Income); Part V, Paragraph 5.3.8 (Net Operating Income) and Part V, Paragraph 5.3.14 (Net Operating Income) of the Commission's Minimum Filing Requirements as set forth in 26 *Del. Admin. C.* 1002A because the information has either already been provided, results in formatting conversion issues or is not relevant to this Application; and

**WHEREAS**, on March 10, 2020, the Staff of the Delaware Public Service Commission ("Staff" or "Commission Staff") and the Delaware Division of the Public Advocate ("DPA") petitioned (the "Petition") the Commission for approval of certain revisions to Delmarva's tariffs governing Delmarva's provision of electric distribution services based on information that approximately 5,000 of the MGSS customers potentially qualify for SGS-ND, and approximately 200 of the LGS-S customers (collectively, "Commercial Customers") potentially qualify for MGS-S (Docket No. 20-0217); and

**WHEREAS**, on March 13, 2020, in response to the Petition, Delmarva filed a Motion to Consolidate the Petition with its March 6, 2020 Application for an increase in electric base rates (Docket No. 20-0149) ("Motion"); and

**WHEREAS**, on March 17, 2020, Staff and the DPA filed a response to Delmarva's Motion to Consolidate ("Response") opposing Delmarva's Motion, contending that as many as one-third of Delmarva's MGS-S customers may qualify for the SGS-ND service and one-half of its LGS-S customers could be eligible for the MGS-S service classification, and arguing that Delmarva's proposal would require those 5,200 customers to wait up to 12 months before obtaining any relief for those 5,200 customers; and

**WHEREAS**, on March 18, 2020, the Commission in a telephonic meeting<sup>2</sup> heard argument from the parties on the Petition, Delmarva's Motion to Consolidate, and Staff and the DPA's Response to the Motion to Consolidate, and, after deliberating in open session, granted the Petition and denied Delmarva's Motion (See Order No. 9564 (Apr. 1, 2020); and

**WHEREAS**, on March 31, 2020, Delmarva filed Supplemental testimony that increased its requested rate increase to \$27.0 million<sup>3</sup> from \$24.3 million, and updated its test period from six (6) months of actual data and six (6) months of forecasted data to nine (9) months of actual data and three (3) months of forecasted data, and also indicated that because of Commission Order No. 9564 that would result in the potential reclassification of approximately 5,200 eligible commercial customers, it would need to revise its Class Cost of Service Study and related Rate Design which would be filed on or before April 30, 2020; and

**WHEREAS**, at the Commission's telephonic meeting on April 1, 2020, Delmarva requested that an opening order be considered by the Commission in this matter and, *inter alia*,

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<sup>2</sup> Pursuant to the Governor's Declaration of a State of Emergency, effective March 13, 2020, the Commission meeting on March 18<sup>th</sup> and April 1<sup>st</sup> were conducted via teleconference.

<sup>3</sup> The \$27.0 million increase in rates is made up of two pieces: (1) the requested increase in rates as set forth in Delmarva's filed Application of \$23.8 million and (2) \$3.2 million of revenue currently being charged through the DSIC, which pursuant to 26 *Del. C.* § 315(b)(9), would be transferred from the DSIC surcharge into base rates at the time base rates are increased pursuant to the Application and the DSIC is reset to zero. Thus, the total requested increase in base rates, if approved by the Commission, will be \$27.0 million.

proposed publishing the requested rate changes included in its Application and providing for additional notice to be given to all customers of the additional rate changes associated with its revised Class Cost of Service Study and related Rate Design beginning the week of May 11<sup>th</sup>; and

**WHEREAS**, both the Staff and the DPA opposed the entry of an opening order given that notice of the proposed rate change would have to be given twice, thereby creating potential customer confusion as well as additional publication costs, and that the actual rates would need to be changed based on the Cost of Service Study to be filed on or before April 30, 2020; and

**WHEREAS**, after hearing argument and deliberating in open session, the Commission at its April 1<sup>st</sup> meeting declined at that time to enter an opening order in this docket; and

**WHEREAS**, on April 16, 2020, Delmarva filed an updated Class Cost of Service Study and related Rate Design and Supplemental Additional Testimony supporting an increased revenue request of \$26.9 million, which for a typical residential customer using an average of 845 kWh per month is approximately a 3.44 % increase over existing base rates; and

**WHEREAS**, Delmarva renewed its request for an opening order in this docket to be considered by the Commission at its April 22, 2020 meeting, which neither the DPA nor Staff opposes;

**NOW, THEREFORE, IT IS HEREBY ORDERED BY THE AFFIRMATIVE  
VOTE OF NOT FEWER THAN THREE COMMISSIONERS:**

1. That the rates and revised tariff sheets submitted by Delmarva on March 6, 2020, and later revised and deemed filed on April 17<sup>th</sup>, are hereby suspended pursuant to 26 *Del. C.* § 306(a)(1) and shall not be placed into force or effect except pursuant to law or further Order of the Commission, and then only to the extent such law or further Commission Order may permit or allow.

2. That any proposed modifications to its tariffs are suspended until such time as a final Order in this proceeding is issued.

3. That based on Delmarva's current financial condition and creditworthiness, its long-standing history with the State, and its commitment to abide by a Commission refund order, the Commission finds that sufficient surety exists to meet the bond requirements of 26 *Del. C.* § 306(b), and therefore will not require a bond in connection with the implementation of interim rates on November 17, 2020.

4. That the Commission grants Delmarva's request to waive Part II, Paragraph 2.2.1, Part V, Paragraph 5.2.5 and 5.2.6, Part V, Paragraph 5.3.8 and Part V, Paragraph 5.3.14 of the Commission's Minimum Filing Requirements.

5. That Delmarva shall give public notice of the filing of this Application with the proposed rate changes and this action by the Commission, by publishing notice in a form similar to the one attached hereto as **Exhibit "A,"** updated for information as reflected in subsequent filings with the Commission, in two-column format, outlined in black, in the legal classified section of *The News Journal*, the *Delaware State News*, and the *Cape Gazette* once during the week beginning May 11, 2020. Delmarva shall submit proof of such publication as soon as possible, but no later than the commencement of the evidentiary hearings concerning this matter.

6. That the Commission designates Senior Hearing Examiner Mark Lawrence as hearing examiner for this matter pursuant to the terms of 26 *Del. C.* § 502 and 29 *Del. C.* ch. 101, to schedule and conduct, upon due notice, such public comment sessions and evidentiary hearings, as may be necessary to have a full and complete record concerning the justness and reasonableness of the proposed increases to rates and tariff modifications. Thereafter, Senior Hearing Examiner Lawrence shall file with the Commission for its consideration his proposed

order with his findings and recommendations. Pursuant to 29 *Del. C.* § 10126(a), such proposed order must include: (i) a brief summary of the evidence and recommended findings of fact based upon the evidence; (ii) recommended conclusions of law; and (iii) a recommended decision.

7. That, pursuant to 29 *Del. C.* ch. 101 and 26 *Del. Admin. C.* § 1001-2.9, Senior Hearing Examiner Lawrence is specifically delegated the authority to grant or deny petitions seeking leave to intervene and for admission of counsel *pro hac vice*. In addition, Senior Hearing Examiner Lawrence is delegated the authority, under 26 *Del. C.* §102(A), to determine the form and manner of any further public notice in this matter.

8. That the deadline for filing petitions to intervene pursuant to 26 *Del. Admin. C.* § 1001-2.9 shall be **Friday, May 22, 2020**. Late-filed petitions to intervene will not be granted unless good cause is shown.

9. That upon approval of an Order by the Commission to put rates into effect as set forth herein as of November 17, 2020, pursuant to the provisions of 26 *Del. C.* §306(a)(1) the DSIC rate will be reset to zero.

10. That Delmarva is hereby placed on notice that the costs of the proceedings will be charged to it under the provisions of 26 *Del. C.* §114(b) (1).

11. That the Commission reserves the jurisdiction and authority to enter such further Orders in this matter as may be deemed necessary or proper.

**BY ORDER OF THE COMMISSION:**

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Chairman

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Commissioner

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Commissioner

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Commissioner

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Commissioner

ATTEST:

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Secretary

**EXHIBIT “A”**

**BEFORE THE PUBLIC SERVICE COMMISSION**

**OF THE STATE OF DELAWARE**

**IN THE MATTER OF THE APPLICATION OF )  
DELMARVA POWER & LIGHT COMPANY ) DOCKET NO. 20-0149  
FOR AN INCREASE IN ELECTRIC )  
BASE RATES AND OTHER MISCELLANEOUS )  
TARIFF CHANGES )  
(SUBMITTED MARCH 6, 2020; FILED APRIL 17, 2020)**

**PUBLIC NOTICE OF THE APPLICATION OF DELMARVA POWER & LIGHT  
COMPANY FOR AN INCREASE IN ITS ELECTRIC BASE RATES AND  
MISCELLANEOUS TARIFF CHANGES**

**TO: ALL ELECTRIC CUSTOMERS OF DELMARVA POWER & LIGHT COMPANY**

On March 6, 2020, Delmarva Power & Light Company (“Delmarva”) submitted an application (the “Application”) with the Delaware Public Service Commission (“Commission”) seeking approval for an increase in its electric base rates and certain changes to its electric tariff. As a result of the approval of Order No. 9564 in Docket No. 20-0217 on April 1, 2020, in order for the Application to be complete, certain revisions to the Application were required which were incorporated on April 16, 2020.

In its Application, Delmarva seeks an increase in annual operating revenues of \$26.9 million, or an increase for a typical customer using an average of 845 kWh per month of 3.44% over existing base rates. Delmarva notes that its proposed increase in base rates includes \$3.2 million of revenues currently recovered through its Distribution System Improvement Charge (“DSIC”), which it proposed to be transferred into base rates. The \$26.9 million increase in rates is made up of two pieces: (1) the requested increase in rates as set forth in Delmarva’s Application of \$23.7 million and (2) \$3.2 million of revenue currently being charged through the Distribution System Improvement Charge (“DSIC”), which pursuant to 26 *Del. C.* §315(b)(9), will be transferred from the DSIC surcharge into base rates at the time base rates are increased pursuant to the Application and the DSIC reset to zero. Thus, the total requested increase in rates, if approved by the Commission, will be \$26.9 million.

The following is a breakdown of Delmarva’s proposed revenue increases for all service classifications and the corresponding percentage increase from the current annualized total revenue which includes the impact from the customer migration resulting from Order No. 9564 in Docket No. 20-0217, and which includes the existing revenues from the DSIC:



Service Classification	Full Proposed Request (Incl. DSIC) (\$)	Percent Increase (Incl. DSIC) (%)
RES-TOU	\$5,925	4.3%
RES	\$10,271,993	4.1%
RSH	\$6,474,071	5.4%
SGS-S	\$1,594,424	9.2%
MGS-S	\$2,895,751	3.8%
GS-SH	\$42,795	2.9%
GS-WH	\$1,170	4.0%
ORL	\$2,462	4.7%
LGS-S	\$885,246	5.0%
GS-P	\$3,536,931	7.8%
GS-T	\$25,910	4.5%
OL	\$1,178,527	9.1%

On April 22, 2020, in Order No. \_\_\_\_\_, the Commission, pursuant to 26 *Del. C.* §306(a)(1), suspended the proposed new rates and tariff revisions pending further investigation, a public comment session and public evidentiary hearings which will be held after further public notice. However pursuant to 26 *Del. C.* §306(b), Delmarva may place its proposed increases into effect subject to refund, seven months after the initial filing date which is November 17, 2020. Delmarva Power does not intend to exercise its statutory right to put into effect an interim rate increase of \$2.5 million, which would have been effective June 17, 2020.

The Commission will make its decision on this matter on the basis of the record evidence taken at the public evidentiary hearings. The Commission may approve or reject, in whole or in part, the proposed increase and tariff revisions and may apply a different method for allocating any increase that it approves.

You are invited to review Delmarva's application and supporting documents to determine how your interest may be affected by going to DelaFile (<http://delafile.delaware.gov>), the Commission's docketing and file management system, and by searching for Docket No. 20-0149.

If you wish to formally participate as a party in this matter, with the right to present evidence and be represented by counsel, you must file with the Commission a petition asking for leave to intervene in accordance with the requirements of the Commission's *Rules of Practice and Procedure* (26 *Del. Admin. C.* §1001-2.9) **on or before May 22, 2020**. All such petitions should be filed in DelaFile according to the Commission's rules (26 *Del. Admin. C.* §1001-1.6.4). Petitions filed after the deadline of May 22, 2020, will not be considered except for good cause shown.

If you would like to review documents at the Commission's offices, please contact Donna Nickerson at (302) 736-7500 or send an email addressed to [donna.nickerson@delaware.gov](mailto:donna.nickerson@delaware.gov). You may also review copies of Delmarva's application and supporting documents at the offices of the Division of the Public Advocate located at 820 North French Street, 4th Floor, Wilmington, Delaware 19801 or 29 South State Street, Dover, Delaware 19901. Please call either (302) 577-5077 or (302) 241-2555 to arrange for a time to review the documents at either of those locations.

If you wish to request copies of documents in this matter, please submit a Freedom of Information Act Request Form. The link to this form can be found on the Commission's website, <https://depsec.delaware.gov>, or by visiting this web address: <https://delafile.delaware.gov/Complaints/FOIA.aspx>. The Commission will respond to your request in accordance with the Delaware Freedom of Information Act, 29 *Del. C. ch.* 100.

If you have a disability and wish to participate or to review the materials in this matter, please contact the Commission to discuss any auxiliary aids or services you might need to help you. You may contact the Commission in person, by writing, by telephone (including text telephone), by email, or other means.

If you have questions about this matter, you may call the Commission at 1-800-282-8574 (toll-free in Delaware) or (302) 736-7500 (voice and text telephone). You may also send questions regarding this matter by Internet e-mail addressed to [psc@delaware.gov](mailto:psc@delaware.gov) with "Docket No. 20-0149" in the subject line.